

Message Text

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TO AMCONSUL HONG KONG

UNCLAS STATE 162273

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SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO HONG KONG

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF \$3,015,000 TO SWIRE PACIFIC LIMITED (SWIREPAC), OF HONG KONG. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR A.M. PAPERS, TUESDAY, JULY 15, 1975.

QUOTE: EXIMBANK CREDIT OF \$3,015,000 SUPPORTS \$6.7 MILLION SALE OF U.S. SUPPLY VESSELS TO COMPANY IN HONG KONG

TO SUPPORT A \$6.7 MILLION SALE OF THREE U.S. SUPPLY VESSELS AND RELATED SPARE PARTS AND SERVICES TO SWIRE PACIFIC LIMITED (SWIREPAC), OF HONG KONG, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF \$3,015,000 ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM J. CASEY.

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SWIREPAC, THE PARENT COMAPNY, WILL FURNISH THE 3 SUPPLY VESSELS TO SWIRE NORTHERN OFFSHORE, ITS PANAMANIAN SUBSIDIARY FOR ITS USE IN SERVICING OIL-DRILLING PLATFORMS AND PIPELAYING BARGES IN FAR

EASTERN WATERS, OPERATING OUT OF SINGAPORE.

THE THREE VESSELS ARE BEING BUILT BY GEORGE ENGING COMPANY, INC., OF HARVEY, LOUISIANA, WHICH HAS SUBCONTRACTED TO QUALITY SHIP BUILDERS, MOSS POINT, MISSISSIPPI, FOR THE CONSTRUCTION OF THE HULLS OF TWO OF THE SHIPS AND TO HALTER MARINE SERVICES OF NEW ORLEANS, LOUISIANA, FOR CONSTRUCTION OF THE THIRD HULL. MANUFACTURERS OF THESE TYPE VESSELS

HAVE BEEN SEEKING EXPORT MARKETS FOR THIS TYPE OF EQUIPMENT WHICH IS ALSO MANUFACTURED BY MOST DEVELOPED COUNTRIES. EXIMBANK'S FINANCIAL SUPPORT OF THIS TRANSACTION WILL ASSIST IN CREATING EMPLOYMENT IN AREAS

WITH NEARLY A 9 PERCENT UNEMPLOYMENT RATE.

THE EXIMBANK CREDIT REPRESENTS 45 PERCENT OF THE TOTAL U.S. SALE. A CREDIT OF \$3,015,000 FROM PRIVATE SOURCES NOT YET DESIGNATED WILL FINANCE ANOTHER 45 PERCENT AND SWIREPAC WILL MAKE CASH PAYMENT OF 10 PERCENT, REPRESENTING THE BALANCE OF THE U.S. COSTS.

INTEREST ON EXIMBANK'S LOAN WILL BE AT 8 1/2 PERCENT PER ANNUM. THIS RATE, COMBINED WITH THE ESTIMATED INTEREST RATE FROM PRIVATE SOURCES, WHICH IS BASED ON CURRENT RATES, WILL RESULT IN A BLENDED ANNUAL INTEREST COST TO THE BORROWER OF 9 PERCENT TO 9.25 PERCENT.

THE LOANS ARE TO BE REPAID IN 16 SEMIANNUAL INSTALLMENTS BEGINNING FEBRUARY 10, 1976, WITH EXIMBANK'S CREDIT TO BE REPAID OUT OF THE LAST

8 INSTALLMENTS. REPAYMENT OF EXIMBANK'S LOAN IS TO BE GUARANTEED BY THE HONG KONG AND SHANGHAI BANKING CORPORATION. UNQUOTE

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